

# ARIZONA RACING COMMISSION

610<sup>TH</sup> REGULAR MEETING

WEDNESDAY, JANUARY 11, 2012

## MINUTES OF REGULAR MEETING

A public meeting of the Arizona Racing Commission was convened on Wednesday, January 11, 2012, beginning at 10:00 a.m. in the Building Conference Room, Suite 250, at 1110 West Washington Street, Phoenix, Arizona 85007.

<b>Present:</b>	<b>Chair</b>	<b>Erin Owens (Telephonically)</b>
	<b>Vice-Chair</b>	<b>A. Melvin McDonald (Telephonically)</b>
	<b>Commissioner</b>	<b>Thomas E. Kelly</b>
	<b>Commissioner</b>	<b>Burton S. Kruglick</b>
	<b>Commissioner</b>	<b>Jay McClintock</b>

**Also Present:** William J. Walsh, Interim Director, Mary D. Williams, Assistant Attorney General, and Cassie Goodwin, Commission Secretary.

### A. Call to Order

**Chair Owens** called the 610<sup>th</sup> Regular Meeting of the Arizona Racing Commission to order at 10:00 a.m. The following matters were discussed, considered and decided at the meeting:

#### Approval of the Minutes:

1. Minutes of the 609<sup>th</sup> Regular Meeting held on Wednesday, November 9, 2011 – **Commissioner Kelly** moved to approve the minutes. **Commissioner McDonald** seconded the motion. Motion Carried.
2. Minutes of the Special Meeting – Director Search held on Tuesday, December 13, 2011 – **Commissioner Kruglick** moved to approve the minutes. **Commissioner McClintock** seconded the motion. Motion Carried.
3. Minutes of the Special Meeting – Director Search held on Thursday, December 15, 2011 – **Chair Owens** moved to approve the minutes. **Commissioner Kelly** seconded the motion. Motion Carried.

### B. New Business

#### 1. Rillito Park – Request to Amend 2012 County Fair & Commercial Race Dates

- a. Delete February 4 and 5, 2012 as county fair dates
- b. Change February 11 and 12, 2012 from commercial racing to county fair racing

**Interim Director Walsh** informed the Commission that Rillito Park requested an amendment to the 2012 County Fair & Commercial Race dates due to a conflict with the Super Bowl. The amendment is to delete February 4 and 5, 2012 as county fair dates and change February 11 and 12, 2012 from commercial racing to county fair racing. **Commissioner Kruglick** moved to approve the amendment to the dates. **Commissioner McClintock** seconded the motion. Motion Carried.

#### 2. Application for 2011, 2012 and 2013 Renewal Permits – Tucson Greyhound Park

**Interim Director Walsh** informed the Commission that in September, 2011 the Department approved the dates submitted by Tucson Greyhound Park (TGP) and issued a temporary permit pending completion of the renewal permit application review process. The Department, in conjunction with Veriti Consulting, conducted a thorough investigation. Nothing in the Department's findings indicates that TGP will not continue as a viable operating entity. **John White, Managing Director of Veriti Consulting** summarized the report for the Commission. **Commissioner Kruglick** moved to approve Tucson Greyhound Park's Application for 2011, 2012, and 2013 Renewal Permits. **Commissioner Kelly** seconded the motion. Motion Carried.

#### 3. Report on Results of Financial and Operations Investigation of Pima County Horsemen's Association

**Interim Director Walsh** stated that on May 11, 2011, the Racing Commission approved renewal applications for county fair and commercial racing at Rillito Park. The dates submitted were initially designated as county fair dates, but were finally approved as both county fair and commercial dates. As a condition for the approval of the commercial dates, the Commission required Pima County Horsemen's

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Association (PCHA) to undergo a financial and operations investigation. The Department, in conjunction with Veriti Consulting, conducted the investigation as required by the Commission. No substantive areas of concern were revealed during the investigation. **John White, Managing Director of Veriti Consulting**, summarized the report for the Commission and recommends the renewal of PCHA's commercial horseracing permit with the understanding that Management and the Board should implement the recommendations contained in the report to further strengthen the entity's financial position and bolster its viability for the next three years. **Interim Director Walsh** advised that the Department will work with Rillito Park Board to implement the recommendations in Veriti's report prior to the start of next year's race meet. No action was necessary by the Commission.

#### 4. Request by The Gym Grill & Bar for the following Off-Track Betting Facility:

- a. The Gym Grill & Bar, 2510 E. Hunt Hwy, #1, Queen Creek, Arizona

**Interim Director Walsh** informed the Commission that the Department reviewed an Off Track Betting Facility application submitted by Turf Paradise for The Gym Grill & Bar, located at 2510 W. Hunt Hwy, #1, in Queen Creek, Arizona and found it to be in compliance with the requirements of A.A.C. R19-3-405 and so recommended the Commission approve the application. **Commissioner Kruglick** moved to approve The Gym Grill & Bar as an Off Track Betting facility. **Commissioner McClintock** seconded the motion. Motion Carried.

#### 5. Maricopa County Fair – Request to Amend 2012 Race Dates

- a. Delete January 7, 8, 28, and 29, 2012
- b. Add February 18, 19, 25, and 26, 2012

**Interim Director Walsh** informed the Commission that on November 9, 2011, the Racing Commission approved a three-year county fair racing permit for Maricopa County conditioned upon receipt of approval from the County Board of Supervisors and a signed agreement with Turf Paradise due to some miscommunication between the parties. Maricopa County Fair and Turf Paradise have asked that the dates approved by the Commission be amended to delete January 7, 8, 28 and 29, 2012 and add February 18, 19, 25, and 26, 2012. The Department recommends approval. **Commissioner McClintock** moved to amend the dates to delete January 7, 8, 28 and 29, 2012 and add February 18, 19, 25, and 26, 2012. **Commissioner Kelly** seconded the motion. Motion Carried.

### C. Information Reports

#### 1. Department Monthly Update

a. **Status of Yavapai County Fair Association Racing Permit Renewal Application:** **Interim Director Walsh** informed the Commission that this has been on the Agenda for the past several meetings. The Trustees for the Bankruptcy Court have requested that no action be taken on the current permit application. The Department placed this on the Agenda to make sure the Commission knows the application is still open. The Department has taken the position that the application has no value to anyone and the application should be closed so the Department can move forward when a new application is submitted from the new owner of Yavapai Downs. The Attorney General's office will attempt to resolve the application issue with the Trustees to allow the Department to take action on the permit application. The application cannot be transferred to any other entity. When the sale occurs the new owner will have to submit a new permit application.

**Commissioner McClintock** asked to have the issue placed on the next agenda for a vote to close the application. **Chair Owens** agreed to have this issue placed on the March Agenda and believes that, in the event the sales occurs, the Department can work with the new owner to issue a temporary permit since the start of the race season is approaching.

#### b. Status Update on A.A.C. R19-2-205 (Regulatory Wagering Assessment of Pari-Mutuel Pools):

**Interim Director Walsh** asked Matthew Gottheiner, Fiscal Analyst/Auditor, to provide the Commission with a brief update on this issue. **Mr. Gottheiner** reported that the Department was funded during FY12 by a combination of General Fund monies and an appropriation from the Racing Regulation Fund. The revenues coming in from the assessments have been on target or slightly higher than the projected revenues, and are sufficient to cover the Department's operating expenses through the end of the fiscal year without making any further adjustments. **Interim Director Walsh** stated that Mr. Gottheiner's report shows that the

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Department is in fairly decent shape at this point in time. The Department anticipates being able to get through June 30<sup>th</sup>, end of the Fiscal Year, with no problems. The Department needs to carry over a little extra into the next fiscal year since revenues, particularly if Yavapai doesn't race, will drop off in the months of July and August and the Department has some major bills to pay during that time of the year. We believe that the increase in the RWA from .375 to 1 percent, approved by the Commission in November, will carry us through this period. Right now things are in-line with the projections but next year the Department will not be receiving any monies from the General Fund. **Chair Owens** asked if Interim Director Walsh will continue to monitor the funds and report monthly on the status. **Interim Director Walsh** said this issue will remain as part of his monthly information reporting.

**c. Remarks by Interim Director: Interim Director Walsh** informed the Commission that the Department and its employees would like to continue to serve the public, stakeholders, and the Commission by working hard and continuing the process started two years ago. They are available for anyone who would like to call and ask questions; to help out as best as they can. Chair Owens expressed her thanks to Interim Director Walsh for stepping forward to keep the Department moving through the transition.

## 2. Permittee Reports:

**a. American Greyhound Racing: Dan Luciano** – They made it through another year and had a fairly decent year. They are up about 11% from what was projected the year before. They are hoping to continue that this year.

**b. County Fairs:** No Report given.

**c. Rillito: Patti Shirley, Vice President** – Rillito will be opening the backside on the 16<sup>th</sup> for the horsemen and the track will be ready for racing on the 18<sup>th</sup>. Stall applications are up and they have more applications than number of stalls available. They are very excited and are looking forward to their 70<sup>th</sup> year of racing. There are still some problems with the electrical that the County is working on that they believe will be resolved prior to opening. As a result of the heavy rains a few months ago, there are problems with the ceiling in the clubhouse. The County is to repair it but there is a concern with the timing being so close to opening day. **Interim Director Walsh** advised the Department is setting up a trailer and getting its people in place and ready to go at the Rillito meet.

**d. Tucson Greyhound Park: Tom Taylor, General Manager** - They are happy they got their permit and can continue to run. They are looking forward to 2012. They are racing six nights per week, 15 races per night. They have picked-up three or four more places to take them this year and possibly another ten in the next couple of days. This is encouraging as more places that take them mean more handle and more purses so everybody is happy. **Commissioner McClintock** asked about the handle. **Mr. Taylor** advised it's down 12%. Sketchers Shoe company shot a commercial at the Park for the Super Bowl. *USA Today* printed an article on January 11, 2012 indicating that GREY2K wants people to boycott Sketchers.

**e. Turf Paradise: David Johnson, Vice President** – Turf has Dollar Day this Monday, February 18, 2012 is slated as Super Saturday and the annual Wine, Women & Horses charity event coming up in March which supports Phoenix Children's Hospital as 100% of the proceeds goes to the charity. The total handle is down 12%. It is down roughly 20% out of state but up instate. They are encouraged about the in-state handle being up as this is where they make most of their revenue. They have a new OTB in Sedona/Cottonwood area that he believes will increase the instate handle. Their average pay-out is \$700 more per purse per race this year. They have run 7 more Arizona bred meets this year to date as compared to last year to date. They have decided to race on Wednesdays instead of Sundays in January due to taking a big hit on the handle during the play-offs and Super Bowl season. This appears to have paid off. This is also why they needed to move the Maricopa County Fair days. **Commissioner Owens** asked for clarification of the handle and believes this is similar to other race tracks. **Mr. Johnson** stated this is partially due to the Mid-Atlantic boycott. Turf has picked up two tracks from the Mid-Atlantic and believes others may come back. Super Saturday on February 18<sup>th</sup> is expected to have the three biggest races of the Turf Paradise race meet and they are giving away free T-Shirts at this event.

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## 3. Optional Industry Stakeholder Association

a. **Arizona Greyhound Association:** No report given.

b. **Arizona Quarter Racing Association: Loretta Brasher, Executive Director** – The quarter horses are running at Turf and will run there through the 21<sup>st</sup> then they will begin to run at Rillito. Rillito will be closed February 4<sup>th</sup> and AQRA will use the track and facility for their end-of-year awards banquet and Hall of Fame ceremony. They had to cancel the horse sale in October and, unfortunately, February 4, 2012, too. The Association will induct Rillito into the AQRA Hall of Fame with its impressive 70<sup>th</sup> birthday this year. They have a Spring Meet planned at Turf Paradise. They have heard from the Sonoita and Douglas County Fairs that they would love to have racing and are working on trying to make it happen. They have no money in their budget but the desire is there.

c. **Arizona Thoroughbred Breeders Association: Yvonne Kunz, Executive Director** – They will be debuting a new website this month and hope that it will generate more interest in racing again. **Chair Owens** asked about the ATBA internet access issue at Turf. **Ms. Kunz** advised they are still on dial-up. Most quotes from phone and/or internet providers are too high for a non-profit. She has another lead to follow-up on today. The new website is good for fast internet connections.

d. **Horsemen's Benevolent & Protective Association: Gary Miller, President** – Complemented Interim Director Walsh on the testing result issues. He is working with Turf in the day changes from Sunday to Wednesday. They are attempting to get the camels back out for a race event on Fan Appreciation Day. He is working with a couple of different groups on the casino legislation. Their Lobbyist is very helpful. They are working with the legislature and the track to see how the new Internet Gambling rulings can benefit them. He is willing to assist Loretta with internet access. The prior issues brought before the Commission are still in progress but getting resolved. He is working with several groups to get Yavapai Downs started on Memorial Day weekend. George Cunningham, Designated Broker of AuktionAZ.com, is the liquidator and working with HBPA and Yavapai to get it racing again.

e. **Jockey's Guild:** No report given.

## D. Commission Reports:

a. **Director Search Update:** **Chair Owens** advised the Commission recommended three candidates to the Governor for the Director position on December 19, 2011, and there has been no news as of yet. She will let everyone know as soon as she hears something.

b. **Future Agenda Items:** **Commission Kruglick** asked that the Department prepare a report for the Commission on each of the 15 County Fairs on what can be done to try to help the counties. He would like the report provided to the Commission prior to the February meeting.

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The next regular Commission meeting will be held **Wednesday, February 08, 2012, at 10:00 a.m.** in Building Conference Room Suite 250, at 1110 West Washington Street, Phoenix, Arizona 85007.

**E. Call to the Public:** Steven Nolan and George Cunningham addressed the Commission

**Adjournment:**

**Chair Owens** called for a Motion to Adjourn. **Commissioner McDonald** moved to adjourn the meeting.

**Commissioner McClintock** seconded the motion. Motion Carried.

This public meeting adjourned at 11:28 a.m.

Dated this 8<sup>th</sup> day of February, 2012

Arizona Racing Commission

By   
Cassie Goodwin, Commission Secretary